

PROPERTY TAX DEFERRAL AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill modifies the deferral provisions of the Property Tax Act.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ addresses property tax deferral for certain owners of a single-family residence;
- ▶ modifies the interest rate that applies to deferred property taxes;
- ▶ clarifies the required contents of an application for a deferral;
- ▶ creates the Property Tax Deferral Restricted Account (account) to reimburse a requesting county for the amount of any property taxes that the county defers during a specified time period;
- ▶ addresses repayment of any money a county receives from the account; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2022:

- ▶ to the General Fund Restricted -- Property Tax Deferral Restricted Account, as a one-time appropriation:
 - from the General Fund, \$10,000,000; and
- ▶ to the Utah State Tax Commission -- Tax Administration -- Property Tax Deferral, as a one-time appropriation:
 - from the General Fund Restricted -- Property Tax Deferral Restricted Account, \$10,000,000.

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-2-1801, as enacted by Laws of Utah 2019, Chapter 453

59-2-1802, as enacted by Laws of Utah 2019, Chapter 453

59-2-1804, as enacted by Laws of Utah 2019, Chapter 453

63I-2-263, as last amended by Laws of Utah 2021, First Special Session, Chapter 4

63J-1-602.1, as last amended by Laws of Utah 2021, Chapters 280, 382, 401, and 438

Be it enacted by the Legislature of the state of Utah:

Section 1. Section 59-2-1801 is amended to read:

59-2-1801. Definitions.

As used in this part:

(1) "Abatement" means a tax abatement described in Section 59-2-1803.

(2) "Deferral" means a tax deferral described in Section 59-2-1802.

(3) "Eligible owner" means an owner of an attached or a detached single-family residence:

(a) who is 75 years old or older on or before December 31 of the year in which the individual applies for a deferral under this part;

(b) whose household income does not exceed 200% of the maximum household income certified to a homeowner's credit described in Section 59-2-1208; and

(c) whose household liquid resources do not exceed 20 times the amount of property taxes levied on the owner's residence for the preceding calendar year.

(4) "Household" means the same as that term is defined in Section 59-2-1202.

(5) "Household income" means the same as that term is defined in Section 59-2-1202.

(6) "Household liquid resources" means the following resources that are not included in an individual's household income and held by one or more members of the individual's household:

(a) cash on hand;

(b) money in a checking or savings account;

(c) savings certificates;

(d) stocks or bonds; and

(e) lump sum payments.

~~[(3)]~~ (7) "Indigent individual" is a poor individual as described in Utah Constitution, Article XIII, Section 3, Subsection (4), who:

(a) (i) is at least 65 years old; or

(ii) is less than 65 years old and:

(A) the county finds that extreme hardship would prevail on the individual if the county does not defer or abate the individual's taxes; or

(B) the individual has a disability;

(b) has a total household income, as defined in Section 59-2-1202, of less than the maximum household income certified to a homeowner's credit described in ~~[Subsection 59-2-1208(1)]~~ Section 59-2-1208;

(c) resides for at least 10 months of the year in the residence that would be subject to the requested abatement or deferral; and

(d) cannot pay the tax assessed on the individual's residence when the tax becomes due.

~~[(4)]~~ (8) "Property taxes due" means the taxes due on an indigent individual's property:

(a) for which a county granted an abatement under Section 59-2-1803; and

(b) for the calendar year for which the county grants the abatement.

~~[(5)]~~ (9) "Property taxes paid" means an amount equal to the sum of:

(a) the amount of property taxes the indigent individual paid for the taxable year for which the indigent individual applied for the abatement; and

(b) the amount of the abatement the county grants under Section 59-2-1803.

~~[(6)]~~ (10) "Relative" means a spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, first cousin, or a spouse of any of these individuals.

~~[(7)]~~ (11) "Residence" means real property where an individual resides, including:

(a) a mobile home, as defined in Section 41-1a-102; or

(b) a manufactured home, as defined in Section 41-1a-102.

Section 2. Section **59-2-1802** is amended to read:

59-2-1802. Tax deferral.

(1) (a) In accordance with this part and after giving notice to the taxpayer, a county may defer a tax on residential property ~~[after giving notice to the taxpayer]~~, allowing the taxpayer to pay the tax at a later date.

(b) In determining a deferral, a county shall consider an asset transferred to a relative by an applicant for deferral, if the transfer took place during the three years prior to the day on

which the applicant applied for deferral.

(2) A county may grant a deferral described in Subsection (1) at any time:

(a) after the holder of each mortgage or trust deed outstanding on the property gives written approval of the application; and

(b) if the applicant is not the owner of income-producing assets that could be liquidated to pay the tax.

(3) In accordance with this part, if the conditions described in Subsection (4) are satisfied, a county:

(a) on or after January 1, 2022, may defer a tax on an attached single-family residence or a detached single-family residence; or

(b) on or after January 1, 2025, shall defer a tax on an attached single-family residence or a detached single-family residence.

(4) The conditions described in Subsection (3) are as follows:

(a) the owner of the single-family residence is:

(i) an eligible owner; or

(ii) a trust described in Section 59-2-1805 for which the grantor is an eligible owner;

(b) the single-family residence was the eligible owner's primary residence as of January 1 of the year for which the eligible owner applies for a deferral;

(c) (i) subject to Subsection (5), the value of the single-family residence for the year for which the eligible owner applies for a deferral is no greater than 100% of the median property value of attached and detached single-family residences within the county; or

(ii) the eligible owner has owned the single-family residence for a continuous 20 year period as of January 1 of the year for which the eligible owner applies for a deferral; and

(d) the holder of each mortgage or trust deed outstanding on the single-family residence gives written approval of the deferral.

(5) The values described in Subsection (4)(c) are based on the county assessment roll for the county in which the single-family residence is located.

(6) For purposes of Subsection (4)(c)(ii), if a single-family residence is transferred between an eligible owner and a trust described in Section 59-2-1805, ownership is considered continuous if the eligible owner is the grantor of the trust.

~~(3)~~ (7) Taxes deferred by the county accumulate with interest as a lien against the

residential property, as described in Subsection ~~[(4)]~~ (8), until the owner sells or otherwise disposes of the residential property.

~~[(4)]~~ (8) Deferred taxes under this section:

~~[(a) bear interest at an interest rate equal to the lesser of:]~~

~~[(i) 6%, or]~~

~~[(ii) the federal funds rate target:]~~

~~[(A) established by the Federal Open Markets Committee; and]~~

~~[(B) that exists on the January 1 immediately preceding the day on which the taxes are deferred; and]~~

(a) bear interest at an interest rate equal to 50% of the rate described in Subsections 59-2-1331(2)(c) and (d); and

(b) have the same status as a lien as described in Sections 59-2-1301 and 59-2-1325.

~~[(5)]~~ (9) If the owner of residential property that is granted deferral under this section is an indigent individual, during the period of deferral the county may not subject the residential property to a tax sale.

(10) (a) There is created a restricted account within the General Fund known as the Property Tax Deferral Restricted Account.

(b) The account shall consist of:

(i) appropriations from the Legislature; and

(ii) interest earned on money in the account.

(c) (i) Upon written application from a county in a form prescribed by the commission, the commission shall use money in the account to reimburse the county for the amount of any tax that the county defers in accordance with Subsections (3) through (6).

(ii) The commission may not reimburse a county for:

(A) an amount of a tax before the county grants the eligible owner a deferral of the tax;

or

(B) a tax assessed after December 31, 2026.

(d) A county that receives money from the account for a deferred tax shall distribute the money to the taxing entities in the same proportion the county would have distributed the revenue from the deferred tax.

(e) The commission may use money in the account to cover the costs of administering

157 the provisions of this subsection.

158 (f) At the end of fiscal year 2027, the Division of Finance shall transfer any money in
159 the account to the General Fund.

160 (11) (a) A county that receives money from the Property Tax Deferral Restricted
161 Account for a deferred tax shall repay the money:

162 (i) in an amount equal to the amount necessary to satisfy the lien described in
163 Subsection (7) as of the earlier of:

164 (A) the day on which the county repays the money; or

165 (B) the day on which the lien described in Subsection (7) is satisfied; and

166 (ii) no later than June 30 of the calendar year immediately following the calendar year
167 in which the lien described in Subsection (7) is satisfied.

168 (b) The Division of Finance shall deposit money received under this subsection into the
169 General Fund.

170 Section 3. Section **59-2-1804** is amended to read:

171 **59-2-1804. Application for tax deferral or tax abatement.**

172 (1) (a) Except as provided in Subsection (1)(b), an applicant for deferral or abatement
173 for the current tax year shall annually file an application on or before September 1 with the
174 county in which the applicant's property is located.

175 (b) If a county finds good cause exists, the county may extend until December 31 the
176 deadline described in Subsection (1)(a).

177 (c) An indigent individual may apply and potentially qualify for deferral, abatement, or
178 both.

179 (2) (a) An applicant shall include in an application a signed statement that describes the
180 eligibility of the applicant for deferral or abatement.

181 (b) For an application for a deferral under Subsection 59-2-1802(3), the requirements
182 described in Subsection (2)(a) include:

183 (i) proof that the applicant resides at the single-family residence for which the applicant
184 seeks the deferral;

185 (ii) proof of age; and

186 (iii) proof of household income.

187 (3) Both spouses shall sign an application if the application seeks a deferral or

188 abatement on a residence:

189 (a) in which both spouses reside; and

190 (b) that the spouses own as joint tenants.

191 (4) If an applicant is dissatisfied with a county's decision on the applicant's application
192 for deferral or abatement, the applicant may appeal the decision to the commission in
193 accordance with Section 59-2-1006.

194 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
195 commission may make rules to implement this section.

196 Section 4. Section **63I-2-263** is amended to read:

197 **63I-2-263. Repeal dates, Title 63A to Title 63N.**

198 (1) Section 63A-3-111 is repealed June 30, 2021.

199 (2) Title 63C, Chapter 19, Higher Education Strategic Planning Commission is
200 repealed July 1, 2021.

201 (3) Title 63C, Chapter 22, Digital Wellness, Citizenship, and Safe Technology
202 Commission is repealed July 1, 2023.

203 (4) Section 63G-1-502 is repealed July 1, 2022.

204 (5) The following sections regarding the World War II Memorial Commission are
205 repealed on July 1, 2022:

206 (a) Section 63G-1-801;

207 (b) Section 63G-1-802;

208 (c) Section 63G-1-803; and

209 (d) Section 63G-1-804.

210 (6) Section 63H-7a-303 is repealed July 1, 2024.

211 (7) Subsection 63J-1-602.1(79), which lists the Property Tax Deferral Restricted
212 Account, is repealed July 1, 2027.

213 ~~[(7)]~~ (8) Subsection 63J-1-206(3)(c), relating to coronavirus, is repealed July 1, 2021.

214 ~~[(8)]~~ (9) Sections 63M-7-213 and 63M-7-213.5 are repealed on January 1, 2023.

215 ~~[(9)]~~ (10) Section 63M-7-217 is repealed on July 1, 2022.

216 ~~[(10)]~~ (11) Title 63N, Chapter 13, Part 3, Facilitating Public-private Partnerships Act,
217 is repealed January 1, 2024.

218 ~~[(11)]~~ (12) Title 63N, Chapter 15, COVID-19 Economic Recovery Programs, is

219 repealed December 31, 2021.

220 Section 5. Section **63J-1-602.1** is amended to read:

221 **63J-1-602.1. List of nonlapsing appropriations from accounts and funds.**

222 Appropriations made from the following accounts or funds are nonlapsing:

223 (1) The Utah Intracurricular Student Organization Support for Agricultural Education
224 and Leadership Restricted Account created in Section 4-42-102.

225 (2) The Native American Repatriation Restricted Account created in Section 9-9-407.

226 (3) The Martin Luther King, Jr. Civil Rights Support Restricted Account created in
227 Section 9-18-102.

228 (4) The National Professional Men's Soccer Team Support of Building Communities
229 Restricted Account created in Section 9-19-102.

230 (5) Funds collected for directing and administering the C-PACE district created in
231 Section 11-42a-106.

232 (6) Money received by the Utah Inland Port Authority, as provided in Section
233 11-58-105.

234 (7) The "Latino Community Support Restricted Account" created in Section 13-1-16.

235 (8) The Clean Air Support Restricted Account created in Section 19-1-109.

236 (9) The Division of Air Quality Oil, Gas, and Mining Restricted Account created in
237 Section 19-2a-106.

238 (10) The Division of Water Quality Oil, Gas, and Mining Restricted Account created in
239 Section 19-5-126.

240 (11) The "Support for State-Owned Shooting Ranges Restricted Account" created in
241 Section 23-14-13.5.

242 (12) Award money under the State Asset Forfeiture Grant Program, as provided under
243 Section 24-4-117.

244 (13) Funds collected from the program fund for local health department expenses
245 incurred in responding to a local health emergency under Section 26-1-38.

246 (14) The Children with Cancer Support Restricted Account created in Section
247 26-21a-304.

248 (15) State funds for matching federal funds in the Children's Health Insurance Program
249 as provided in Section 26-40-108.

- 250 (16) The Children with Heart Disease Support Restricted Account created in Section
251 26-58-102.
- 252 (17) The Nurse Home Visiting Restricted Account created in Section 26-63-601.
- 253 (18) The Technology Development Restricted Account created in Section 31A-3-104.
- 254 (19) The Criminal Background Check Restricted Account created in Section
255 31A-3-105.
- 256 (20) The Captive Insurance Restricted Account created in Section 31A-3-304, except
257 to the extent that Section 31A-3-304 makes the money received under that section free revenue.
- 258 (21) The Title Licensee Enforcement Restricted Account created in Section
259 31A-23a-415.
- 260 (22) The Health Insurance Actuarial Review Restricted Account created in Section
261 31A-30-115.
- 262 (23) The Insurance Fraud Investigation Restricted Account created in Section
263 31A-31-108.
- 264 (24) The Underage Drinking Prevention Media and Education Campaign Restricted
265 Account created in Section 32B-2-306.
- 266 (25) The School Readiness Restricted Account created in Section 35A-15-203.
- 267 (26) Money received by the Utah State Office of Rehabilitation for the sale of certain
268 products or services, as provided in Section 35A-13-202.
- 269 (27) The Oil and Gas Administrative Penalties Account created in Section 40-6-11.
- 270 (28) The Oil and Gas Conservation Account created in Section 40-6-14.5.
- 271 (29) The Division of Oil, Gas, and Mining Restricted account created in Section
272 40-6-23.
- 273 (30) The Electronic Payment Fee Restricted Account created by Section 41-1a-121 to
274 the Motor Vehicle Division.
- 275 (31) The Motor Vehicle Enforcement Division Temporary Permit Restricted Account
276 created by Section 41-3-110 to the State Tax Commission.
- 277 (32) The Utah Law Enforcement Memorial Support Restricted Account created in
278 Section 53-1-120.
- 279 (33) The State Disaster Recovery Restricted Account to the Division of Emergency
280 Management, as provided in Section 53-2a-603.

281 (34) The Department of Public Safety Restricted Account to the Department of Public
282 Safety, as provided in Section 53-3-106.

283 (35) The Utah Highway Patrol Aero Bureau Restricted Account created in Section
284 53-8-303.

285 (36) The DNA Specimen Restricted Account created in Section 53-10-407.

286 (37) The Canine Body Armor Restricted Account created in Section 53-16-201.

287 (38) The Technical Colleges Capital Projects Fund created in Section 53B-2a-118.

288 (39) The Higher Education Capital Projects Fund created in Section 53B-22-202.

289 (40) A certain portion of money collected for administrative costs under the School
290 Institutional Trust Lands Management Act, as provided under Section 53C-3-202.

291 (41) The Public Utility Regulatory Restricted Account created in Section 54-5-1.5,
292 subject to Subsection 54-5-1.5(4)(d).

293 (42) Funds collected from a surcharge fee to provide certain licensees with access to an
294 electronic reference library, as provided in Section 58-3a-105.

295 (43) Certain fines collected by the Division of Occupational and Professional Licensing
296 for violation of unlawful or unprofessional conduct that are used for education and enforcement
297 purposes, as provided in Section 58-17b-505.

298 (44) Funds collected from a surcharge fee to provide certain licensees with access to an
299 electronic reference library, as provided in Section 58-22-104.

300 (45) Funds collected from a surcharge fee to provide certain licensees with access to an
301 electronic reference library, as provided in Section 58-55-106.

302 (46) Funds collected from a surcharge fee to provide certain licensees with access to an
303 electronic reference library, as provided in Section 58-56-3.5.

304 (47) Certain fines collected by the Division of Occupational and Professional Licensing
305 for use in education and enforcement of the Security Personnel Licensing Act, as provided in
306 Section 58-63-103.

307 (48) The Relative Value Study Restricted Account created in Section 59-9-105.

308 (49) The Cigarette Tax Restricted Account created in Section 59-14-204.

309 (50) Funds paid to the Division of Real Estate for the cost of a criminal background
310 check for a mortgage loan license, as provided in Section 61-2c-202.

311 (51) Funds paid to the Division of Real Estate for the cost of a criminal background

312 check for principal broker, associate broker, and sales agent licenses, as provided in Section
313 61-2f-204.

314 (52) Certain funds donated to the Department of Human Services, as provided in
315 Section 62A-1-111.

316 (53) The National Professional Men's Basketball Team Support of Women and
317 Children Issues Restricted Account created in Section 62A-1-202.

318 (54) Certain funds donated to the Division of Child and Family Services, as provided
319 in Section 62A-4a-110.

320 (55) The Choose Life Adoption Support Restricted Account created in Section
321 62A-4a-608.

322 (56) Funds collected by the Office of Administrative Rules for publishing, as provided
323 in Section 63G-3-402.

324 (57) The Immigration Act Restricted Account created in Section 63G-12-103.

325 (58) Money received by the military installation development authority, as provided in
326 Section 63H-1-504.

327 (59) The Computer Aided Dispatch Restricted Account created in Section 63H-7a-303.

328 (60) The Unified Statewide 911 Emergency Service Account created in Section
329 63H-7a-304.

330 (61) The Utah Statewide Radio System Restricted Account created in Section
331 63H-7a-403.

332 (62) The Utah Capital Investment Restricted Account created in Section 63N-6-204.

333 (63) The Motion Picture Incentive Account created in Section 63N-8-103.

334 (64) Certain money payable for expenses of the Pete Suazo Utah Athletic Commission,
335 as provided under Section 63N-10-301.

336 (65) Funds collected by the housing of state probationary inmates or state parole
337 inmates, as provided in Subsection 64-13e-104(2).

338 (66) Certain forestry and fire control funds utilized by the Division of Forestry, Fire,
339 and State Lands, as provided in Section 65A-8-103.

340 (67) The Transportation of Veterans to Memorials Support Restricted Account created
341 in Section 71-14-102.

342 (68) The Amusement Ride Safety Restricted Account, as provided in Section

343 72-16-204.

344 (69) Certain funds received by the Office of the State Engineer for well drilling fines or
345 bonds, as provided in Section 73-3-25.

346 (70) The Water Resources Conservation and Development Fund, as provided in
347 Section 73-23-2.

348 (71) Funds donated or paid to a juvenile court by private sources, as provided in
349 Subsection 78A-6-203(1)(c).

350 (72) Fees for certificate of admission created under Section 78A-9-102.

351 (73) Funds collected for adoption document access as provided in Sections 78B-6-141,
352 78B-6-144, and 78B-6-144.5.

353 (74) Funds collected for indigent defense as provided in Title 78B, Chapter 22, Part 4,
354 Utah Indigent Defense Commission.

355 (75) The Utah Geological Survey Oil, Gas, and Mining Restricted Account created in
356 Section 79-3-403.

357 (76) Revenue for golf user fees at the Wasatch Mountain State Park, Palisades State
358 Park, and Green River State Park, as provided under Section 79-4-403.

359 (77) Certain funds received by the Division of State Parks from the sale or disposal of
360 buffalo, as provided under Section 79-4-1001.

361 (78) The Drinking While Pregnant Prevention Media and Education Campaign
362 Restricted Account created in Section 32B-2-308.

363 (79) The Property Tax Deferral Restricted Account created in Section 59-2-1802.

364 Section 6. **Appropriations.**

365 The following sums of money are appropriated for the fiscal year beginning July 1,
366 2022, and ending June 30, 2023. These are additions to amounts previously appropriated for
367 fiscal year 2022.

368 Subsection 6(a). **Restricted Fund and Account Transfers.** The Legislature authorizes
369 the State Division of Finance to transfer the following amounts between the following funds or
370 accounts as indicated. Expenditures and outlays from the funds to which the money is
371 transferred must be authorized by an appropriation.

372 ITEM 1

373 To General Fund Restricted -- Property Tax Deferral

374 Restricted Account From General Fund, One-time \$10,000,000

375 Schedule of Programs:

376 Property Tax Deferral Restricted Account \$10,000,000

377 Subsection 6(b). **Operating and Capital Budgets.** Under the terms and conditions of

378 Title 63J, Chapter 1, Budgetary Procedures Act, the Legislature appropriates the following

379 sums of money from the funds or accounts indicated for the use and support of the government

380 of the state of Utah.

381 ITEM 2

382 To Utah State Tax Commission -- Tax Administration

383 From General Fund Restricted -- Property Tax Deferral

384 Restricted Account, One-time \$10,000,000

385 Schedule of Programs:

386 Property Tax Deferral \$10,000,000

387 Section 7. **Retrospective operation.**

388 This bill has retrospective operation to January 1, 2022.